Global Marketing

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Global Marketing Communications Decisions I: Advertising and Public Relations

Chapter 13

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Introduction

Marketing communications tell customers about the benefits and values that a company, product, or service offers

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Learning Objectives

- Define global advertising and companies that are highest spenders
- Learn how global ad agencies are structured
- Identify the key roles of ad agency personnel
- Look at different kinds of media worldwide
- Examine the role of PR and Publicity and the negative impact on companies recently

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IMC

- Integrated Marketing Communications (IMC) is becoming more popular because of the challenges of communicating across national borders

"We have an integrated marketing model that involves all elements of the marketing mix from digital to sports marketing, from event marketing to advertising to entertainment, all sitting at the table driving ideas."

-Trevor Edwards, VP for global brand and category management at Nike

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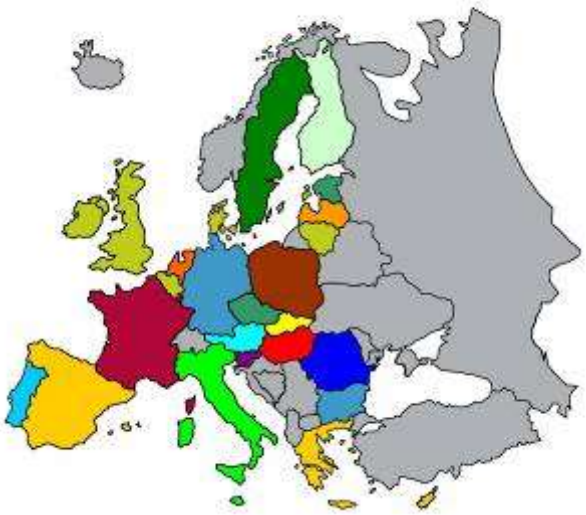
Global Advertising

- Advertising is any sponsored, paid message that is communicated in a non-personal way
  - Single country
  - Regional
  - Global
- Global advertising is the use of the same advertising appeals, messages, art, copy, photographs, stories, and video segments for worldwide suitability



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Globalization and Product Cultures

- Products such as coffee and beer have emerged as true global products
  - Starbucks and the coffee culture
  - Irish pubs in the U.S.
  - German-style beer halls in Japan

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Worldwide Market Segments

"Eighteen-year olds in Paris have more in common with 18-year-olds in New York than with their own parents. They buy the same products, go to the same movies, listen to the same music, sip the same colas. Global advertising merely works on that premise."

- William Roedy, Director, MTV Europe

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Spending, 2011

Company/Headquarters	Worldwide	United States	Asia*	Europe	Latin America
1. Procter & Gamble (United States)	$11,247	$3,134	$3,300	$3,324	$578
2. Unilever (United Kingdom, Netherlands)	7,358	694	2,474	2,407	963
3. L'Oréal (France)	5,533	1,380	1,149	2,612	210
4. General Motors Corp. (United States)	3,334	1,774	240	846	220
5. Nestlé (Switzerland)	2,977	828	463	1,207	244
6. Coca-Cola Co. (United States)	2,906	390	979	984	285
7. Toyota Motor Corp. (Japan)	2,828	1,088	973	598	44
8. Volkswagen (Germany)	2,823	511	313	1,688	233
9. McDonald's (United States)	2,647	963	567	862	102
10. Reckitt Benckiser (Great Britain)	2,616	434	462	1,181	298
11. Kraft Foods (United States)	2,490	791	324	1,016	176
12. Fiat (incl. Chrysler; Italy, United States)	2,347	1,286	21	723	222
13. Mars Inc. (United States)	2,251	568	447	993	20
14. Johnson & Johnson (United States)	2,167	1,041	306	579	108
15. Ford Motor Co. (United States)	2,127	1,060	69	661	178
16. Comcast Corp. (United States)	1,822	1,585	30	175	0
17. PepsiCo (United States)	1,803	652	285	201	116
18. Sony Corp. (Japan)	1,777	800	324	573	5
19. Pfizer (United States)	1,751	1,343	182	142	39
20. Nissan Motor (Japan)	1,750	630	437	506	93
21. PSA Peugeot Citroën (France)	1,623	1	11	1,430	159
22. Time Warner (United States)	1,607	1,280	21	264	4
23. GlaxoSmithKline (United Kingdom)	1,592	551	318	501	128
24. Honda Motor (Japan)	1,587	707	649	149	39
25. Walt Disney Company (United States)	1,501	991	149	302	19

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Standardization vs. Adaptation

- Primary Issue
  - Must the specific advertising message and media strategy be changed from region to region or country to country?
- Think of cultural and legal issues

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Standardization vs. Adaptation

- Four difficulties that compromise an organization's communication efforts
  - The message may not get through to the intended recipient.
  - The message may reach the target audience but may not be understood or may even be misunderstood.
  - The message may reach the target audience and may be understood but still may not induce the recipient to take the action desired by the sender.
  - The effectiveness of the message can be impaired by *noise*.

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Standardization vs. Adaptation

"We have been in Sweden for 60 years and in China for only 4 or 5 so our feeling is that retailing is local. It is important to take advantage of local humor, and the things on people's minds."

Nils Larsson,

IKEA

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Standardization vs. Adaptation

"I can think of very few truly global ads that work. Brands are often at different stages around the world, and that means there are different advertising jobs to do."

Michael Conrad, Chief Creative Officer, Leo Burnett Worldwide

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Pattern Advertising

- A middle ground between 100% standardization and 100% adaptation
- A basic pan-regional or global communication concept for which copy, artwork, or other elements can be adapted as required for individual countries

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Pattern Advertising

Similar:

- Layout
- Dominant visuals on left
- Brand signature and slogan

Contrasting:

- Photos
- Body copy is localized, not simply translated

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Advertising Agencies: Organizations and Brands

- Understanding the term *organization* is key
  - Umbrella corporations/holding companies have one or more ‘core’ advertising agencies
  - Each ‘organization’ has units specializing in direct marketing, marketing services, public relations, or research
- Individual agencies are considered brands
  - Full service brands create advertising, and provide services such as market research, media buying, and direct marketing

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Top 8 Global Advertising Organizations & 2012 Revenue

Organization and Headquarters Location	Worldwide Revenue 2012 ($ millions)
1. WPP Group (London)	$16,459
2. Omnicom Group (New York)	14,219
3. Publicis Groupe (Paris)	8,494
4. Interpublic Group of Cos. (New York)	6,956
5. Dentsu (Tokyo)	6,390
6. Havas (Puteaux, France)	2,287
7. Hakuhodo DY Holdings (Tokyo)	2,184
8. Epsilon (Irving, Texas)	1,223

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Top 10 Global Advertising Agency Brands

Agency	Estimated Worldwide Revenue 2012 ($ millions)
1. Dentsu (Dentsu)	$3,577
2. Young & Rubicam Group (WPP)	3,400
3. McCann Worldgroup (Interpublic)	2,965
4. DDB Worldwide Communications Group (Omnicom)	2,655
5. Ogilvy & Mather (WPP)	2,413
6. BBDO Worldwide (Omnicom)	2,403
7. TBWA Worldwide (Omnicom)	1,797
8. Publicis Worldwide (Publicis)	1,524
9. Hakuhodo (Hakuhodo DY Holdings)	1,357
10. Havas Worldwide (Publicis)	1,327

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Selecting an Advertising Agency

- Company organization
  - Companies that are decentralized may want to leave the choice to the local subsidiary
- National responsiveness
  - Is the global agency familiar with local culture and buying habits of a particular country?
- Area coverage
  - Does the agency cover all relevant markets?
- Buyer perception
  - What kind of brand awareness does the company want to project?

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Creating Global Advertising

- **Creative strategy**—a statement or concept of what a particular message or campaign will say
- **Big idea**—"The flash of insight that synthesizes the purpose of the strategy, joins the product benefit with consumer desire in a fresh, involving way, brings the subject to life, and makes the reader or audience stop, look, and listen."

  John O'Toole, legendary ad man

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The Big Idea

"The Big Idea is easier to illustrate than define, and easier to illustrate by what it is not than by what it is. It is not a "position"…It is not an "execution"… It is not a slogan. The Big Idea is the bridge between an advertising strategy, temporal and worldly, and an image, powerful and lasting."

-Randall Rothenberg, author

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Advertising Appeal

- Rational approach
  - Depend on logic and speak to the consumer's intellect; based on the consumer's need for information

- Emotional approach
  - Tugs at the heartstrings or uses humor

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Advertising Appeal

- Selling proposition
  - The promise or claim that captures the reason for buying the product or the benefit that ownership confers
  - Since products are at differing stages of the product life cycle in different national markets and because of cultural, social and economic differences, the most effective appeal or selling proposition may vary.

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Creative Execution

- Creative execution
  - The way an appeal or proposition is presented

- straight sell
- scientific evidence
- demonstration
- comparison
- slice of life
- animation
- fantasy
- dramatization

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Art Directors and Art Direction

- Art Directors
  - Advertising professional who has the general responsibility for the overall look of an ad
  - Will choose graphics, pictures, type styles, and other visual elements that appear in an ad
- Art Direction
  - The visional presentation of an advertisement

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Copy and Copywriters

- Copy is written or spoken communication elements
- Copywriters are language specialists who develop headlines, subheads, and body copy

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Copywriting Decisions

- Prepare new copy for foreign markets in host country's language
- Translate the original copy into target language
- Leave some or all copy elements in home country language

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Advertising Copy Mistakes

- In Asia, Pepsi's "Come Alive" was interpreted as asking to bring ancestors back from the dead
- In China, Citicorp's "Citi Never Sleeps" was taken to mean that Citi had a sleeping disorder, like insomnia
- McDonald's does not use multiple 4's in advertising prices in China; "four" sounds like the word "death"

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Cultural Considerations

- Images of male/female intimacy are in bad taste in Japan; illegal in Saudi Arabia
- Wedding rings are worn on the right hand in Spain, Denmark, Holland, Germany

- European men kiss the hands of married women only, not single women
- In Germany, France and Japan, a man enters a door before a woman; no ladies first!

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Cultural Considerations–Japanese & American Differences

- Indirect rather than direct forms of expression are preferred in the messages
- There is often little relationship between ad content and the advertised product
- Only brief dialogue or narration is used in television commercials, with minimal explanatory content
- Humor is used to create a bond of mutual feelings
- Famous celebrities appear as close acquaintances or everyday people
- Priority is placed on company trust rather than product quality
- The product name is impressed on the viewer with short, 15-second commercials

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Global Media Decisions

- Which medium or media to use?
  - Print such as daily and weekly newspapers to magazines with regional, national, or international audiences
  - Electronic media like broadcast TV, cable TV, radio, and the internet
  - Other such as outdoor, transit, and direct mail
- Must know country-specific regulations
  - Ex. France bans TV ads by retailers

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Global Advertising Expenditures and Media Vehicles

- More money spent in U.S. than anywhere else in the world; $160 billion in 2012
- Japan is #2 at $52 billion
- 1/3 of current growth in ad spending in BRIC
  - Russia has a $9.7 billion ad market with 13% growth annually; U.S. and European growth is 3.5-4.5%
- Worldwide, TV is the #1 medium with estimated spending of $163 billion in 2012; TV captured slightly more than 40% of global ad spending
- In Germany newspapers are #1 advertising vehicle

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Media Decisions

- The availability of TV, newspapers and other media varies widely globally
- In developed countries, newspapers are declining as Internet usage rises
- In India, newly redesigned papers are growing
  - 300 daily papers, only 4 million Indians subscribe to Internet service
- In Moscow, billboards are #1; In a city built for 30,000 cars, there are 3 million, creating massive traffic jams and captive audiences

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Media Decisions: Arab Countries

- People are depicted less often than in the U.S.
- Women may only appear in those commercials that relate the advertised product
- Women must wear long dresses
- Brevity is a virtue in ads
- Use of comparative advertising claims very limited
- U.S. ads have more price information

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Media Decisions: Scandinavia

- Limited TV ads in Sweden, Norway, and Denmark
- No advertising to children under 12 in Sweden
- Spending on print media is 3 times higher than TV

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Public Relations

- Fosters goodwill and understanding
- Generates favorable publicity
- Tools
  - News releases
  - Media kits
  - Press conferences
  - Tours
  - Articles in trade, professional journals
  - TV and radio talk show appearances
  - Special events
  - Social media
  - Corporate Web sites

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Negative Publicity Affecting Global Marketers

Company or Brand (home country)	Nature of Publicity
Boeing (United States)	Fires caused by faulty lithium-ion batteries on the new 787 Dreamliner resulted in all aircraft being grounded until the problem could be resolved.
Walmart (United States)	Fires and collapsed buildings at garment factories in Bangladesh revived concerns about the global supply chain and the human cost of low-price goods.
BP (Great Britain)	Massive oil spill in the Gulf of Mexico off the coast of Louisiana.
Apple (United States)	Suicides by employees at Chinese supplier Foxconn Technologies; injuries due to exposure to toxic chemicals at plant that makes glass screens for iPhone.
Google (United States)	Self-censorship of Chinese search engine.
Nike (United States)	Since the mid-1990s, Nike has been responding to the criticism that its subcontractors operate factories in which sweatshop conditions prevail. Filmmaker Michael Moore featured an interview with Nike CEO Phil Knight in the antiglobalization documentary *The Big One*.

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Advertising as a PR Function

- Corporate advertising
  - Compensates for lack of control over publicity
  - Calls attention to the company's other communication efforts
- Image advertising
  - Enhances the public's perception, creates goodwill
- Advocacy advertising
  - Presents the company's point of view on a particular issue

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Role of Public Relations in Global Marketing

- PR's role is growing in the post global recession
  - Build consensus and understanding
  - Create harmony and trust
  - Articulate and influence public opinion
  - Anticipate conflicts and resolve disputes

Smartphones, broadband Internet, social media, satellite links allow PR pros to stay in touch with media anywhere, anytime

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Public Relations Practices Around the World

- Public relations practices can be affected by:
  - Cultural traditions
  - Social and political contexts
  - Economic environments
- Public relations professionals must understand these differences and tailor the message appropriately

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Looking Ahead to Chapter 14

- Global Marketing Decisions: Sales Promotion, Personal Selling, Special Forms of Marketing Communication

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